

# Biosecurity Cost Recovery Review

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*Growing and Protecting New Zealand*



# Biosecurity Cost Recovery Consultation

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# Overview

- Cost recovery funds the systems that help New Zealand Protect against biosecurity risks
- To continue to provide appropriate services, MPI is proposing to update fee rates and improve policy
- This is the first update to biosecurity fee rates since 2010
- This update will be followed by a first principles review of all of MPI's cost recovery regimes in mid 2015

# Why are we doing the review?

- A lot has changed in biosecurity since the last review in 2010. It is now appropriate to update fees
- MPI's legislation requires that cost recovery be equitable, efficient, transparent and justifiable
- MPI also needs to ensure we are charging a fair and appropriate amount for our services

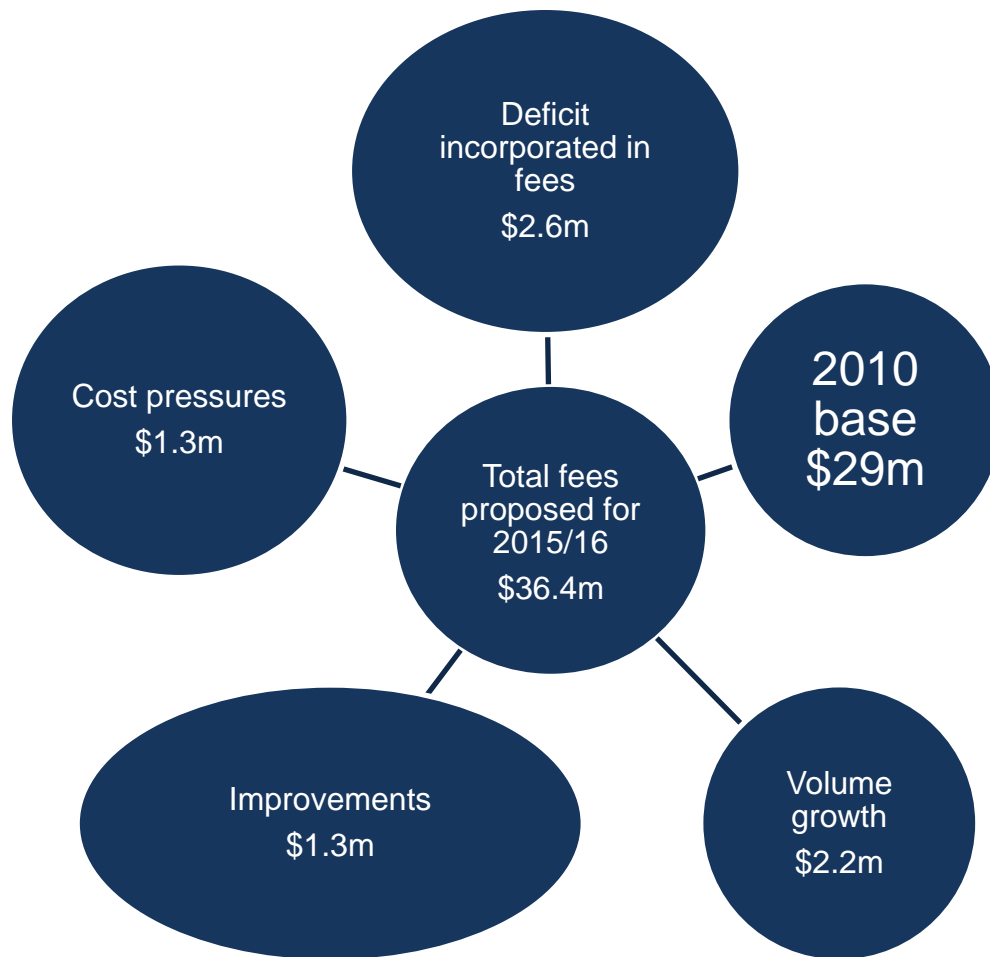
# Biosecurity Cost Recovery History

- No changes to Industry charges for 5 years.
- Cost increases over time have resulted in initial savings/surpluses, now becoming continuing deficits  
These are not sustainable.
- Revenue growth well below the increased volume levels over the last 5 years, shows improved operational efficiency
- Greater cost pressures because of the increased risk and complexity.

# MPI is also providing new and improved services

- To respond to internal and external demands MPI has also strengthened and improved its services. Notable examples include:
  - Addition of new staff and (out of hours) shift for Target Evaluation team
  - Increased technical capability of MPI staff
  - Deployment of new measures e.g. X-rays machines & increasing use of biosecurity detector dogs on the cargo pathway
  - Introduction of 2 verification schemes to improve efficiency
  - Invested in profiling and targeting

# Biosecurity Cost Drivers since 2010



# What's being proposed?

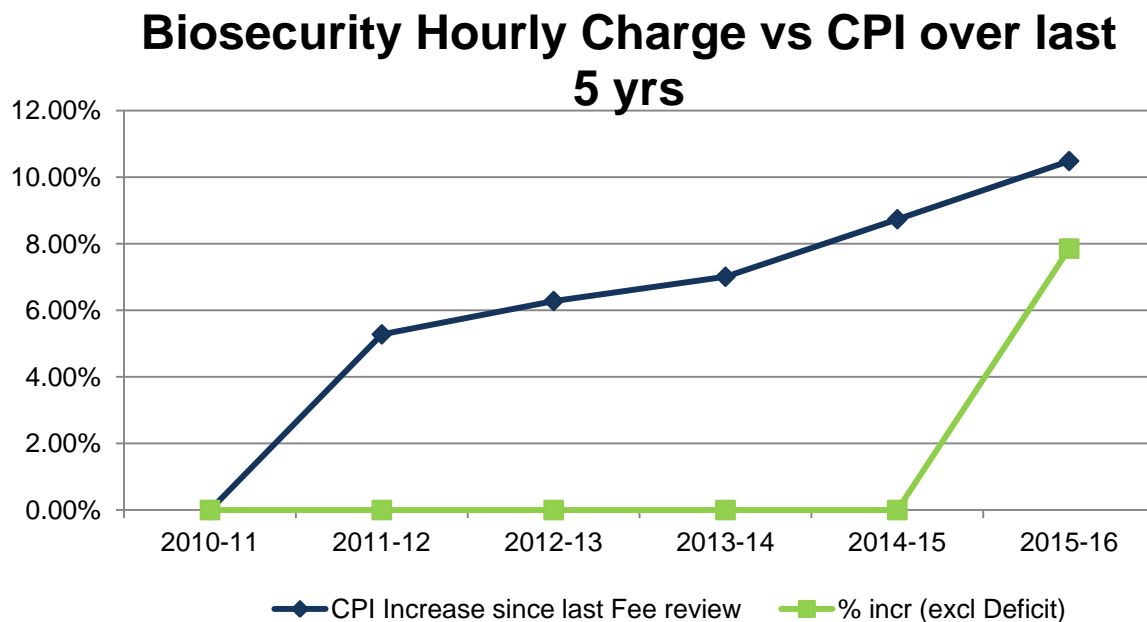
- 80 Biosecurity fees, charges and levies
- Biosecurity System Entry Levy goes from \$11.11 and \$15.33, to \$13.15 and \$17.37 respectively (18% and 13% increases)
- Hourly Charge goes from \$88.88 to \$102.27 (15%)



# What BSEL pays for:

- primary risk screening to identify consignments of interest;
- secondary assessment of consignments of interest;
- directing the movement of goods from the place of arrival
- training & Support for Frontline Staff
- developing profiles and placing alerts; and
- pest ID

# Hourly Charge



- No fee increases during period of CPI growth

# Transitional Facilities

- Bring TF into the current/new biosecurity world and ensure each facility is “fit for purpose”
- TF staff trained appropriately to attain these high standards
- Effective management of biosecurity risks
- Ensure that the processing of applications for new T&CFs, and their ongoing audit, inspection, and approval, is thorough and comprehensive
- New Transitional Facility Applications \$887.70
- Inspection and compliance audit, Annual Fee: \$298.05

# Zone Charges

- Addition of a new < 2km Zone to ensure more equitable and accurate charging, versus previous < 10km charge
- Only \$34.86 – 49% of the Zone 1 charge of \$70.75

# First Principles Review

- The current review looks at the adequacy of existing fee rates to fund required services
- We would also like your help to ensure that the overall system is appropriate and consistent
- We have initiated a first principles review of MPI's cost recovery framework. How would you like to be involved in this?

# Consultation Process

- Consultation on proposals began on 19 January and will close on 20 February
- Full details are available on the MPI website  
<http://www.mpi.govt.nz/news-and-resources/consultations/proposed-revisions-to-the-cost-recovery-regimes-for-biosecurity-and-food-safety/>
- In addition, we are holding special meetings with your industry groups, but are willing to add additional industry groups on request